

# TAXATION

[illegible]



## SENATE STANDING COMMITTEE REPORT

January 18, 2007

Page 1 of 2

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 121** (first reading copy -- white) **do pass as amended.**

Signed: \_\_\_\_\_

*Senator Jim Elliott, Chair*

**And, that such amendments read:**

1. Page 1, line 12.

**Strike:** "and may not"

**Insert:** ", receive any consideration for, or"

2. Page 1, line 16.

**Strike:** "United States"

**Insert:** "state"

**Following:** "unless"

**Insert:** ": (a) "

**Following:** "disclosure"

**Insert:** ";

(b) the tax return preparer located outside of the state agrees:

(i) not to sell or receive any consideration for the tax return information; and

(ii) not to otherwise disclose the tax return information for its benefit or for the benefit of any person controlling, controlled by, or under common control with it; and

(c) the local tax return preparer indemnifies the taxpayer for the damages provided for in subsection (3)(d) for any sale or disclosure by the tax return preparer located outside the state in violation of subsection (2)(b) "

3. Page 1, line 18.

**Following:** "(1) "

**Insert:** "or (2) "

4. Page 1, line 21.

**Following:** "(1) "

**Committee Vote:**

**Yes 10, No 0**

Fiscal Note Required —

*K7*

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**Insert:** "or (2) "

5. Page 1, line 24.

**Strike:** "\$1,000"

**Insert:** "up to \$10,000"

6. Page 1, line 30 through page 2, line 1.

**Strike:** subsection (5) in its entirety

**ReNUMBER:** subsequent subsection

7. Page 2, line 20.

**Strike:** "(6) (b) (i) "

**Insert:** "(5) (b) (i) "

- END -

# TAXATION

DATE January 18, 2007

**BILLS BEING HEARD TODAY** SB-215; SB-231; SB-233

**PLEASE PRINT**

[illegible]

**PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY**



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

**Bill #** SB0215

**Title:** Revise property tax levy limit to adjust for inflation

**Primary Sponsor:** Harrington, Dan

**Status:** As Introduced

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget        | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal Impact:

This bill eliminates the provision to use one-half the average 3-year inflation rate used by the state and local governments in calculating property tax mill levies. Thus, it allows the average 3-year inflation rate to be used in determining how much property tax can be levied before considering newly taxable property.

### FISCAL ANALYSIS

#### Assumptions:

- Section 1 of this bill eliminates from the mill levy calculation (15-10-420, MCA) the requirement that the average rate of inflation for the prior 3 years be reduced by half. This mill levy calculation is used by both state and local governments in setting property tax mill levies.
- For local governments, this growth rate determines the maximum amount of property tax that can be raised from the total taxable value net of newly taxable property regardless of whether the maximum amount of mill levy capacity is used each year. Excluding school and countywide retirement levies, in tax year 2006, the combined amount of taxes levied by local governments was \$386,554,220 under an allowable inflation adjustment of 1.424%. Under this bill, the allowable growth rate would have been 2.848%.
- Under 15-10-420 (8), MCA, the state mills cannot exceed the number of mills specified in law. However, if the rate of property tax growth, before considering newly taxable property, is fast enough that the state

mill levies would allow the property tax levied to exceed the inflation rate allowed the state mill levies would be reduced. To date this has not occurred and it is assumed that it will not occur through FY 2011.

4. Since local governments would continue to have the discretion to levy less than the maximum amount allowed, the actual amount this will increase taxes levied by local governments is unknown; however, it is likely the taxes levied by local governments will increase above the rate of current law growth.
5. This bill would have no administrative impacts on the Department of Revenue.

**Effect on County or Other Local Revenues or Expenditures:**

1. Under this bill, local government revenues from property tax levies would likely grow at a rate above current law levels.

Sponsor's Initials

Date

Budget Director's Initials

Date



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

Bill # SB0233

Title: Allow multiple counties to create museum districts

Primary Sponsor: Elliott, Jim

Status: As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### Description of fiscal Impact:

This bill allows for the establishment of museum districts and allows local government to levy taxes on property located within the museum district.

### FISCAL ANALYSIS

#### Assumptions:

- Section 1 of this bill gives county commissioners authority to create museum districts. Section 8 and Section 11 give authority to the county to impose a property tax levy for authorized museum district under 7-6-2527, MCA.
- Since the creation of a levy district is at the discretion of the county, the extent to which commissioners will create such districts is unknown. As the property in such a district is already subject to millage, there will be no change in the overall amount of revenues the state or local governments can levy, the growth of which is limited under 15-10-420, MCA.

*[Signature]*  
Sponsor's Initials

\_\_\_\_\_  
Date

*[Signature]*  
Budget Director's Initials

*1/15/07*  
Date